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SIPDIS

STATE PASS EB/ESC/TFS (BSTEPHENSON), S/CT (TKUSHNER),  
NEA/ARP (TWILLIAMS), NEA/ELA (DBARON), IO/PHO (APEREZ), NSC  
(MRUPPERT), TREASURY (JZARATE; DGLAZER, TPHILLIPS), OFAC  
(RNEWCOMB)

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SUBJECT: TERRORISM FINANCE DISCUSSIONS WITH GOS TREASURY  
OFFICIALS

REF: (A) STATE 244943 (B) STATE 242611

1.(C) Summary: GOS Treasury officials lauded cooperation with the U.S. on terrorism finance issues. Within the Financial Action Task Force (FATF) context (see refs A and B), they wanted more background information on why the U.S. did not want to establish monitoring mechanisms to track financial flows of less than \$3,000. Information from Treasury on this would be useful in our discussions with GOS officials - please e-mail Carl Schonander at Schonanderce@state.gov with such information if it is available. End Summary

12. (U) EconCouns and EconOffs met with Treasury and Financial Policy Director General Belen Romana Garcia and other Treasury officials on 11/17/04 to discuss terrorism finance issues. These officials, in addition to their primary remit to combat money laundering, are responsible for implementing terrorism finance designation decisions and for developing policies on monitoring terrorism financial flows. They reported that they had good cooperation with the U.S. within the Financial Action Task Force (FATF), which Spain co-chairs with the U.S. Treasury Department's Daniel Glazer. However, there was one area of disagreement. The EU apparently believes financial flows of less than \$3,000 should be tracked, whereas the U.S. does not because according to the Spaniards we do not want to impede worker remittances. The GOS officials said though that they thought this issue could be worked out within the FATF.

13. (C) EconOff briefed Belen Romana and her staff on the substance of the meeting between Assistant Secretary Wayne and Dutch Foreign Ministry Advisor Wouter Jurgens (ref A). They were unaware of the upcoming November 29-30 case-based terrorism finance workshop. They were interested in the EU's intention to work especially with Maghreb countries and Indonesia to implement the FATF Special Recommendation IX on cash couriers. Belen Romana said that the recommendation was not technically difficult to implement but would require political will to implement in many nations.

14. (U) The GOS officials said that the implementing regulations for Spain's new terrorism finance law were still being drafted. The law allows the GOS to block assets without UN or EU authorization. However, fearing adverse litigation, the GOS has not yet used this new authority. Belen Romana said that when the GOS is pre-notified, her office takes about a week to find out what assets are being held by the designee(s). She said she hoped to be able to obtain this information in a few days but added that, of course, the GOS could not actually block assets in the absence of a legally valid designation.

15. (U) Comment: We sensed real commitment on the part of these highly qualified civil servants to combat terrorist financing. We would certainly recommend their participation in appropriate terrorist financing workshops and other events.

ARGYROS